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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

HOMELESS ASSISTANCE GRANTS

PROGRAM HIGHLIGHTS

		ESTIMATE 1997 a/	BUDGET ESTIMATE 1998	ENACTED 1998	CURRENT ESTIMATE 1998	ESTIMATE 1999 b/	INCREASE + DECREASE - 1999 vs 1998
				(Dollars in Thousands)			
Program Level: (Obligations)	c/						
Homeless Assistance Grants		$965,201	$823,000	NA	$823,000	$1,990,000	+$1,167,000
Section 8 Incremental Vouchers ..		NA	NA	NA	NA	[$200,000]	NA
Subtotal		$965,201	$823,000	NA	$823,000	$1,990,000	+$1,167,000
Appropriations : (Enacted or Proposed)							
Homeless Assistance Grants		$823,000	$823,000	NA	$823,000	$1,500,000	+$677,000
SRO Renewals		NA	NA	NA	[$4,260]	[$5,673]	[+$1,413]
Section 8 Incremental Vouchers ..		NA	NA	NA	NA	[$200,000]	NA
Subtotal		$823,000	$823,000	NA	$823,000	$1,500,000	+$677,000
Budget Outlays							
Homeless Assistance Grants	c/	$530,201	$734,815	NA	$650,815	$835,193	+$184,378
Section 8 Incremental Vouchers ..		NA	NA	NA	NA	...	NA
SRO Renewals		...	...	NA	[$1,330]	[$4,470]	[+$3,140]
Subtotal		$530,201	$734,815	NA	$650,815	$835,193	+$184,378

NA = Not Applicable

a/ Amounts shown in this justification include funds for Native American homeless assistance in 1997. Beginning in 1998, such funding is included under the Native American Block Grant, and Native American tribes will not be eligible for McKinney Act homeless assistance programs, pursuant to P.L. 104-330.

b/ Funding for Homeless Section 8 Incremental Vouchers and Renewals is reflected in the Housing Certificate Fund.

c/ Includes activity from pre-1995 homeless assistance programs.

MULTIYEAR ESTIMATES

	FY 2000 b/	FY 2001 b/	FY 2002 b/	FY 2003 b/
		(Dollars in Thousands)		
Program Level: Obligations:				
Homeless Assistance Grants	$1,653,200	$1,600,000	$1,500,000	$1,500,000
Section 8 Incremental Vouchers . .	[205,201]	[210,536]	[216,010]	[221,626]
Section 8 Renewals	[184,972]	[379,562]	[584,146]	[799,112]
SRO Renewals	[7,063]	[10,185]	[16,890]	[25,001]
Appropriations: Enacted or Proposed:				
Homeless Assistance Grants	1,500,000	1,500,000	1,500,000	1,500,000
Section 8 Incremental Vouchers . .	[205,201]	[210,536]	[216,010]	[221,626]
SRO Renewals	[7,063]	[10,185]	[16,890]	[25,001]
Budget Outlays:				
Homeless Assistance Grants c/ . .	993,216	1,295,222	1,532,655	1,718,080
Section 8 Incremental Vouchers . .	[237,052]	[530,150]	[653,115]	[866,331]
SRO Renewals	[6,300]	[7,900]	[12,000]	[19,400]

SUMMARY OF BUDGET ESTIMATES

1. SUMMARY OF BUDGET REQUEST

The 1999 Budget proposes $1.7 billion for Homeless Assistance, including $1.5 billion for Homeless Assistance Grants, an increase of $677 million above the proposed 1998 level, and $200 million for 31,953 Incremental Section 8 Vouchers for permanent housing for individuals or families graduating from the Continuum of Care. This Budget proposal also incorporates the Administration's proposal for a performance-based Homeless Assistance Performance Fund. On July 25, 1997, Senator D'Amato introduced this legislative proposal (S. 1071) in the Senate and on July 30, 1997, Congressman Kennedy introduced this proposal (H.R. 2307) in the House of Representatives.

The requested $1.5 billion for Homeless Assistance Grants is an increase of $677 million over the anticipated $823 million that would be available in 1998. The need for the increased funding is to address the significant unmet need for this vital assistance. The best indicator of unmet need for homeless-related assistance is the difference between the requests for HUD competitive assistance and the amounts awarded with appropriated funds. In 1995, for example, HUD awarded $900 million in competitive Homeless Assistance Grants. However, HUD received applications totalling $2.5 billion. It should further be noted that unfunded applications, while one indicator of need, do not fully account for the pent-up need. Many organizations believe that there is just not enough money to fill all requests, and therefore decide that the significant investment required to compete for funds is just not worth the effort.

The proposed level of funding would lead to the creation of 125,000-140,000 transitional beds linked to services and 59,000-62,500 permanent beds linked to services. Further, these funds are expected to leverage other public and/or private funds at a 1:1 ratio, or more.

In 1999, funds will be distributed as a performance-based formula program, rather than competitively. While the primary grantees—cities and States – will not change, this simplified distribution method will provide stability and predictability, and will free grantees from the arduous task of applying for funding year after year. Their eligibility will be determined by the provisions of the authorizing statute. The proposed formula distribution, coupled with the higher funding level, will enable us to better serve the unmet needs of existing grantees as well as those of cities that may not have previously received competitive funding. This will also have the likely impact of accelerating the pace of obligation of funds.

In addition to the $1.5 billion request, HUD is also requesting $200 million for Section 8 Incremental Vouchers for permanent housing. This level of funding would support 31,953 vouchers. This assistance is for both disabled and non-disabled people leaving Continuum of Care transitional facilities and will address the need for additional permanent housing within or related to homeless assistance in general. Since 1987, competitive Supportive Housing Demonstration Program and Supportive Housing Program funds have supported the development or operation of nearly 110,000 beds of transitional housing for homeless families and individuals. On average, usage of those beds turn over every 6-9 months as people receive the services and housing they need to achieve independent living. Very frequently, although they are ready to graduate to permanent housing, affordable permanent housing is not available to them. These Section 8 Incremental Vouchers will offer them the resource they so desperately need to move into the housing mainstream at the point they are ready to do so.

Homeless assistance is the primary program that contributes to the achievement of the Department's Strategic Objective #2, "Help communities and States establish a full continuum of housing and services designed to assist homeless individuals and families achieve permanent housing and self-sufficiency." The best approach to alleviating homelessness is through a community-based process that provides a comprehensive response to the different needs of homeless individuals and families. A comprehensive and coordinated housing and service delivery approach helps communities plan for and provide a balanced response. HUD's innovative homeless program works with communities to establish cost-effective continuum of care systems that identify and fill gaps in housing and services that are needed to move homeless families and individuals into permanent housing. The continuum of care system serves the specific needs of all homeless sub-populations within a particular community. It is an inclusive process that is coordinated with non-profit organizations, State and local governmental agencies, housing developers and service providers, private foundations, local businesses and the banking community, neighborhood groups, and homeless or formerly homeless persons.

A typical continuum of care would include components such as: outreach and assessment to identify an individual's or family's needs and connect them to facilities and services; immediate shelter as a safe, decent alternative to the streets; transitional housing with appropriate supportive services, such as job training, job placement, child care, substance abuse treatment, mental health services and instruction in independent living skills; and permanent housing or permanent supportive housing arrangements. With a continuum of care approach, the community can design a strategy that works best to assist homeless persons and families achieve permanent housing and self-sufficiency. The continuum of care model is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of unmet needs--physical, economic, and social. HUD helps communities develop holistic systems through a community-based process that provides a comprehensive response to the different needs of homeless individuals and families.

Our primary strategy since 1993 has been to foster these continuum of care systems in communities with significant homeless populations throughout the United States. This has been accomplished by including such a strategy within the framework of the Consolidated Plan and by encouraging joint applications and coordinated approaches through a number of Notice of Funding Availability applications for homeless assistance under the competitive programs. A study by Columbia University has shown that substantial progress has been made in getting communities to adopt a more coordinated and comprehensive approach to addressing the needs of homeless persons.

2. CHANGES FROM 1997 ESTIMATES INCLUDED IN 1998 BUDGET

Obligations are expected to decrease by $900 million to reflect an adjustment in the timing of obligations. Previously, the Budget reflected that all available funds would be obligated by the end of 1997. However, given the time necessary to run a major competition, make awards and get them to the point of obligation, it is unrealistic to plan to have all of these funds obligated by the end of 1997. The significant carryover will end when this program becomes a formula program. The estimate of $811 million, therefore, reflects the obligation of 1996 and prior year competitive funds that had been carried over into this year, as well as of the majority of the 1997 Emergency Shelter Grant formula funds. Award of the 1997 competitive amounts will be made this fall, and obligation of most of this funding should occur in 1998. Outlays decrease by $44.9 million, reflecting the lower level of obligations that has occurred to date. This decrease is reflected in the revised 1997 obligations estimate.

3. CHANGES FROM ORIGINAL 1998 BUDGET ESTIMATES

Outlays decrease by $84 million, reflecting the lower level of obligations that has occurred to date and is reflected in the revised 1997 obligations estimate. The adjustment in the timing of obligations means that the 1998 estimate includes obligations of prior year funds, as well as the obligation of some of the 1998 amounts. If a competition is required for 1998 funds, it is likely that only a small portion of the 1998 funds will be obligated in that year.

EXPLANATION OF INCREASES AND DECREASES

This Budget proposes $1.7 billion for Homeless Assistance in 1999, including $1.5 billion for Homeless Assistance Grants and $200 million for Incremental Section 8 Vouchers, for a total increase of $877 million over 1998 funding. The $1.5 billion for Homeless Assistance Grants represents an increase of $677 million over the 1998 funding of $823 million. The increase in obligations of $1.167 billion represent obligations of competitive funds from pre-1999 appropriations and the obligation of most of the 1999 formula funds. This estimate is based on the fact that homeless grants will be obligated at the same time that other formula programs (Community Development Block Grants, HOME Investment Partnership and Housing Opportunities for Persons with AIDS) are obligated to communities following submission and approval of their Consolidated Plans. Outlays also increase by $214.3 million reflecting the spendout of the above obligations.

PROGRAM DESCRIPTION AND ACTIVITY

1. Legislative Authority. Existing homeless assistance programs are authorized under the Stewart B. McKinney Homeless Assistance Act of 1987, as amended. Authorizing legislation will be required to authorize and implement the proposed Homeless Assistance Performance Fund. Legislation has been forwarded to the Congress.

2. Program Area Organization. The proposed Homeless Assistance Performance Fund would facilitate the effective and efficient management of HUD's homeless assistance programs by:

-- Reducing and preventing homelessness by supporting the creation and maintenance of community-based, comprehensive systems dedicated to returning families and individuals to self-sufficiency;

-- Reorganizing the homeless housing assistance authorities under the Stewart B. McKinney Homeless Assistance Act into a Homeless Assistance Performance Fund;

-- Assisting States and local governments, in partnership with private nonprofit service providers, to use homeless funding more efficiently and effectively;

-- Simplifying and making more flexible the provision of Federal homeless assistance;

-- Maximizing a community's ability to implement a comprehensive system for providing assistance to homeless families and individuals;

-- Making more efficient and equitable the manner in which the Secretary distributed homeless assistance;

-- Reducing the Federal role in local decision making for homeless assistance programs;

-- Reducing the costs to governmental jurisdictions and private nonprofit organizations in applying for and using assistance; and

-- Advancing the goal of meeting the needs of the homeless population through mainstream programs and establishing continuum of care systems necessary to achieve that goal.

Reducing homelessness is one of HUD's top priorities. Comprehensive community-based efforts are necessary to move from the current crisis of homelessness. The Department again proposes to consolidate the activities of HUD's six existing McKinney homeless assistance programs and the Innovative Homeless Demonstration Program into a single performance-based program to enable localities to shape, implement and maintain comprehensive, flexible, coordinated continuum of care approaches to solving, rather than institutionalizing homelessness.

This simplified program will address several key problems that plague community efforts to address homelessness. The McKinney grant programs currently require providers of housing and services to apply under discrete funding categories for particular needs. Each categorical program has its own set of rules and reporting requirements--which increases process and paperwork and hampers project development and implementation. The consolidated program will enable communities to better design and carry out continuum of care approaches that reflect local conditions and opportunities, ensuring that each of the elements of the continuum of care system is in balance.

The Consolidated Plan would serve as the community's basis for applying for homeless assistance, identifying its needs and inventory, assessing the needs of homeless citizens, and linking efforts to address homelessness together with other housing and community development resources. In addition, for a community to receive its homeless assistance funds, a local board--including homeless providers representing a broad range of subpopulations, advocates, representatives of the business community, local government and homeless persons themselves---would develop a more detailed plan describing the comprehensive homeless assistance system to be created to fill gaps between the identified needs and inventory described in the Consolidated Plan. This document would specify the facilities, permanent housing, and services to be created and by whom, and would establish benchmarks for measuring performance. The community would have maximum flexibility to shape solutions, but would be held to high performance standards as a condition of funding.

a. Program Purpose. Homeless assistance grants provide Federal support to one of the nation's most vulnerable populations. These grants assist localities in establishing systems that can address the needs of different homeless populations while providing coordinated continuum of care systems that ensure the support necessary to help those who are homeless attain permanent housing and move toward self-sufficiency. A consolidated grant program will replace the existing maze of separate programs with a single performance-based formula grant to States and localities. It will require broad participation by not-for-profit providers and others, both in developing and implementing continuum of care plans, and it will make the existence of a continuum of care system and performance a basis for receiving funds.

b. Eligible Applicants/Participants. Eligible applicants/participants are States, units of local government, nonprofit organizations and public housing authorities. Broad community participation in the development and implementation of a homeless strategy is encouraged to facilitate comprehensive, effective and coordinated approaches to homelessness.

c. Eligible Activities. Grantees will have significant flexibility both in eligible uses of the fund and in administering the grant. The program will incorporate and expand flexibility to all eligible activities currently authorized under the existing homeless programs. Grantees can choose from a broad menu of activities and exercise the flexibility to select those that best address local circumstances. Specifically, recipients will be authorized to carry out activities to benefit homeless individuals and families, including acquisition, rehabilitation, new construction, operations, real property leasing, tenant assistance, supportive services, administration, and capacity building. These activities would support the following types of projects: Emergency Assistance (prevention, outreach and assessment, and emergency shelter); Safe Haven Housing; Transitional Housing; Permanent Housing and Permanent Supportive Housing for Homeless Persons with Disabilities; Single Room Occupancy Housing, or other projects that the Secretary determines will further the purposes of this Program.

d. Program Allocation. The legislative proposal provides for the distribution of homeless assistance funds on a formula basis: 75 percent to units of general local government and 25 percent to States, after certain amounts are identified for program requirements, as discussed below. Funding will provide localities with the capacity to establish and maintain continuum of care strategies and the resources to help implement those strategies. Insular Areas would receive 0.2 percent of the amount appropriated.

Consistent with HUD's legislative proposal, this request includes $25 million for Technical Assistance, Capacity Building, Resource Identification and Program Oversight. Technical assistance has previously been available only under the Supportive Housing Program. However, such support is necessary for grantees in all homeless assistance programs to overcome a variety of problems that hinder successful completion and implementation of projects. These include difficulties with capital financing for initial acquisition and rehabilitation; resistance from residents to homeless shelters in their neighborhoods; and coordination of project development, project operations, and ongoing service delivery. Technical Assistance, which may include training and the cost of related travel, would improve grantees' ability to carry out the program and to support the creation and development of continuum of care systems. Capacity Building would assist private nonprofit organizations to build their capacity in support of continuum of care systems. Resource Identification would include the identification, coordination, and development of resources and data for homelessness, including determining the feasibility of specific housing-related initiatives. Program Oversight includes performance reviews and audits, including the cost of necessary travel.

Finally, the legislative proposal would authorize the use of up to 0.4 percent of appropriated funds to develop, implement, and refine management information systems in order to establish a national database on local needs and priorities and to provide grantees and others with software to plan and track performance. Such systems would be integrated into the Department's Integrated Disbursement and Information System (IDIS).

3. Performance Indicators.

a. Mission. To help homeless persons and families break the cycle of homelessness; and to move homeless persons and families to permanent housing and self-sufficiency.

b. Objectives and Benchmarks. Over the next 5 years, the Department intends to accomplish two overarching objectives: to hold communities fully accountable to develop and deliver their Continuum of Care systems; and, to help every homeless individual and family within our programs achieve permanent housing and self-sufficiency.

Other factors, such as poverty and individual challenges exacerbate problems that cause people and families to be without homes. Coordination and collaboration of housing and supportive services, i.e., continuum of care systems, are crucial to breaking the cycle of homelessness. The attainable goal for some homeless persons is self-sufficiency to the extent possible. To this end, two of the benchmarks under this program are to increase the number of transitional housing beds and permanent housing units, including those that are linked to supportive services. Another is to increase the number of persons that move from transitional to permanent housing.

STATUS OF FUNDS

1. Authorization. Existing homeless assistance programs are authorized under the Stewart McKinney Homeless Assistance Act of 1987, as amended. Authorizing legislation is required to establish and implement the consolidated performance-based Homeless Assistance Performance Fund.

2. Balances Available

a. Unobligated Balances. The following table compares the program obligations with funds available by year:

	ACTUAL 1997	ESTIMATE 1998	ESTIMATE 1999
	(Dollars in Thousands)		
Unobligated balance, start of year	$888,252	$900,000	$900,000
Appropriation:			
Homeless Assistance Grants	823,000	823,000	1,500,000
Recovery of Prior Year Amounts	...	...	...
Total Available	1,711,252	1,723,000	2,400,000
Obligations	-811,252	-823,000	-1,990,000
Unobligated balance, end of year	900,000	900,000	410,000

b. Obligated Balances. The status of obligated balances is as follows:

	ACTUAL 1997	ESTIMATE 1998	ESTIMATE 1999
	(Dollars in Thousands)		
Obligated balance, start of year	$858,310	$1,428,999	$1,861,724
Obligations incurred:	811,252	823,000	1,990,000
Subtotal	1,669,562	2,251,999	3,851,724
Outlays	-240,563	-390,275	-604,613
Obligated Balance, end of year	1,428,999	1,861,724	3,247,111

August 26, 1997

ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT

Appropriation/Account 86X0192

Homeless Assistance Grants

OUTLAY ANALYSIS

(DOLLARS IN THOUSANDS)

		1997	1998	1999	2000	2001	2002	2003	
OUTLAYS FROM OBLIGATED									
BALANCES AS OF 9/30/96	856,859	200,000	268,000	220,000	125,000	43,859	0	0	
		23.3%	31.3%	25.7%	14.6%	5.1%			
OUTLAYS FROM UNOBLIGATED									
BALANCES AS OF 9/30/96	888,252								
1997 APPROPRIATION	823,000								
Less: Estimated unobligated balances	900,000								
Total outlays from obligated balances	811,252	40,563	81,125	202,813	202,813	202,813	81,125	0	
		5%	10%	25%	25%	25%	10%		
Est. 1997 carryover	900,000								
1998 APPROPRIATION	823,000								
Less: Estimated unobligated balances	900,000								
Total outlays from obligated balances	823,000	0	41,150	82,300	205,750	205,750	205,750	82,300	
			5%	10%	25%	25%	25%	10%	
Est. 1998 carryover	900,000								
1999 APPROPRIATION	1,500,000								
Less: Estimated unobligated balances	410,000								
Total outlays from obligated balances	1,990,000	0	0	99,500	199,000	497,500	497,500	497,500	199
				5%	10%	25%	25%	25%	
Est. 1999 carryover	410,000								
2000 APPROPRIATION	1,500,000								
Less: Estimated unobligated balances	256,800								
Total outlays from obligated balances	1,653,200	0	0	0	82,660	165,320	413,300	413,300	413
					5%	10%	25%	25%	
Est. 2000 carryover	256,800								

2001 APPROPRIATION	1,500,000								
Less: Estimated unobligated balances	156,800								
Total outlays from obligated balances	1,600,000	0	0	0	0	80,000	160,000	400,000	400
						5%	10%	25%	
Est. 2001 carryover	156,800								
2002 APPROPRIATION	1,500,000								
Less: Estimated unobligated balances	156,800								
Total outlays from obligated balances	1,500,000	0	0	0	0	0	75,000	150,000	375
							5%	10%	
OUTLAYS FROM 2003 APPROPRIATION	1,500,000	0	0	0	0	0	0	75,000	150
								5%	
OUTLAYS FROM 2004 APPROPRIATION	1,500,000	0	0	0	0	0	0	0	75
OUTLAYS FROM 2005 APPROPRIATION	1,500,000	0	0	0	0	0	0	0	
OUTLAYS FROM 2006 APPROPRIATION	1,500,000	0	0	0	0	0	0	0	
OUTLAYS FROM 2007 APPROPRIATION	1,500,000	0	0	0	0	0	0	0	
GROSS OUTLAYS		240,563	390,275	604,613	815,223	1,195,242	1,432,675	1,618,100	1,612
OTHER OFFSETS TO OUTLAYS (RECAPTURES)		0	0	0	0	0	0	0	
NET OUTLAYS		240,563	390,275	604,613	815,223	1,195,242	1,432,675	1,618,100	1,612

PERFORMANCE-BASED BUDGET SUMMARY FOR PROGRAM ACTIVITY

PROGRAM AREA/PROGRAM: HOMELESS ASSISTANCE

STRATEGIC GOAL AND OBJECTIVE: Help Communities and States Establish a Full Continuum of Housing Services Designed to Assist Homeless Individuals and Families

BUDGET LINKAGES TO PERFORMANCE GOALS, MEASURES, INDICATORS

BUDGET SUMMARY:	**1997 ACTUAL**	**1998 ESTIMATE**	**1999 ESTIMATE**	**COMMENTS**
BUDGET AUTHORITY (000) *Source: Program Funds* • Technical Assistance • Management Information Support	$823,000 $3,000 $0	$823,000 $8,230 $0	$1,500,000 $25,000 $4,480	Total Budget Authority including set-asides.
RESOURCES, PROCESSES AND TECHNOLOGY *Source: Salaries and Expenses* • FTEs # • Information Technology (000) • Procurement (000) • Training (000)	Being NA NA NA	developed		

INDICATOR (INDICATOR CATEGORY- Output, Efficiency, Effectiveness, Customer Service)	**BENCHMARK**	**SPR 1997 ESTIMATE/ ACTUAL**	**SPR 1998 ESTIMATE**	**SPR 1999 ESTIMATE**	**COMMENTS**
Existence of Continuum of Care (outcome)	The US population represented by communities which have developed continuum of care systems is __%.	70%	80%	90%	See note 1 at bottom.
Number of transitional beds linked	Increase the number of				See note 1 at bottom.

to services (output)	transitional housing beds that are linked to supportive services currently assisted by HUD McKinney Act funds from ___ to ___.	109,000 to 115,000	115,000 to 125,000	125,000 to 140,000	
Number of permanent beds linked to services (output)	Increase the number of permanent housing beds that are linked to supportive services currently assisted by HUD McKinney Act funds from ___ to ___.	55,000 to 56,500	56,500 to 59,000	59,000 to 62,500	See note 1 at bottom.
Monthly income of participants (output)	Increase by __% the number of participants moved from HUD transitional housing to permanent housing	being	developed		See note 2 at bottom.
Other dollars leveraged (output)	Leverage at least $1 for every $1 of HUD McKinney Act Homeless funds awarded.	1:1	1:1	1:1	See note 2 at bottom.

COMMENTS:

Note 1: Structural factors such as poverty and individual factors like changes in family structure, external to HUD, contribute to problems that cause people/families to be without homes. Coordination and collaboration of housing and supportive services; i.e., continuum of care systems, are crucial to breaking cycle of homelessness. The attainable goal for some homeless persons, especially the disabled, is self-sufficiency to the extent possible.

Note 2: Annual performance reports are currently being compiled, and the data base will establish the baseline for these goals which provide tangible evidence of breaking the cycle of homelessness.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

PROGRAM HIGHLIGHTS

	ESTIMATE 1997	BUDGET ESTIMATE 1998	ENACTED 1998	CURRENT ESTIMATE 1998	ESTIMATE 1999	INCREASE + DECREASE - 1999 vs 1998
			(Dollars in Thousands)			
Program Level:						
Obligations	$202,425	$204,000	NA	$202,592	$221,304	+$18,712
Appropriations:						
Enacted or Proposed	$196,000	$204,000	$204,000	$204,000	$225,000	+$21,000
Budget Outlays	$132,230	$165,200	NA	$157,583	$168,527	+$10,944

NA = Not Applicable

MULTIYEAR ESTIMATES

	FY 2000	FY2001	FY 2002	FY2003
		(Dollars in Thousands)		
Program Level:				
Obligations	$225,000	$225,000	$225,000	$225,000
Appropriations:				
Enacted or Proposed	225,000	225,000	225,000	225,000
Budget Outlays:	181,288	199,788	212,908	221,946

SUMMARY OF BUDGET ESTIMATES

1. SUMMARY OF BUDGET REQUEST

The Housing Opportunities for Persons with AIDS (HOPWA) program was funded under the Annual Contributions for Assisted Housing account from its inception in 1992 until 1996. In 1997, the Congress provided funding for HOPWA under a separate appropriation, as requested by the Department. All balances from prior appropriations in the Annual Contributions account have been merged into the new HOPWA account. Activity in this account is now being reported on an obligation basis rather than a reservation basis, as was past practice.

Funding of $225 million is proposed for HOPWA in 1999. Based on the number and incidence of cases of acquired immunodeficiency syndrome reported to the Centers for Disease Control (CDC), an additional seven States or localities will become eligible for formula-based allocations in 1998. This would bring the total number of jurisdictions eligible to receive formula-based allocations to 87. This number is expected to grow by an additional seven to ten in 1999. The number of eligible jurisdictions has grown each year as the HIV/AIDS epidemic continues to spread and, in 1996 alone, the CDC reported 69,101 new cases of AIDS in the nation.

Therefore, $21 million over the 1998 proposed level is required to keep pace with the number of jurisdictions that become eligible for assistance under the formula program. This level of funding would support approximately 41,500 units of housing assistance and would provide related services to approximately 74,875 persons with HIV/AIDS and their families. Moreover, the increase in funds is significant at this time because, as noted above, AIDS cases have continued to increase and persons with HIV/AIDS are living longer, due in large measure to recent successes in AIDS drug therapies. CDC estimated that in mid-1996 some 223,000 persons were living with AIDS and that an additional 500,000 - 800,000 persons have the HIV infection. Although these AIDS drugs offer significant hope, they have not been appropriate, accessible, or successfully used by all persons, especially persons who are homeless, with very low-incomes, or challenged by mental illness or other issues. Additionally, if the costs for care increase, as expected, more cities and States will have to share available funding among more clients to address the pressing housing and service needs of persons living with HIV/AIDS.

2. CHANGES FROM 1997 ESTIMATES INCLUDED IN 1998 BUDGET

Obligations decreased by $34.5 million to reflect that not all appropriated funds will be obligated by the end of 1997 because of the timing of some awards toward the very end of fiscal year 1997. It is anticipated, however, that all carryover unobligated funds will be obligated in the first quarter of fiscal year 1998. This technical adjustment will result in a decrease in outlays of $700 thousand.

The Notice of Funding Availability (NOFA) for the competitive portion of the HOPWA program (10 percent of the total appropriation) was published on May 7, 1997, and announcement of awards is expected to be made in September 1997.

3. CHANGES FROM ORIGINAL 1998 BUDGET ESTIMATES

Obligations decreased by $1.4 million to reflect that not all appropriated funds will be obligated by the end of 1998. It is anticipated, however, that all unobligated funds will be obligated in the first quarter of fiscal year 1999. The shift of some obligations from fiscal year 1997 to 1998 and the shift of $1.4 million in obligations from 1998 to 1999 will result in a decrease in outlays of $7.6 million.

EXPLANATION OF INCREASES AND DECREASES

Estimated obligations in 1999 will increase by $18.7 million due to the increase in the appropriation request to $225 million and also because not all of the 1998 appropriated funds are expected to be obligated by the end of 1998. Outlays increase for these reasons, as well as the cumulative amount of funds available for obligation and use.

PROGRAM DESCRIPTION AND ACTIVITY

1. Legislative Authority. The Housing Opportunities for Persons with AIDS program is authorized by the AIDS Housing Opportunity Act, 42 U.S.C. 12901 (Title VIII, Subtitle D, of the Cranston-Gonzalez National Affordable Housing Act (NAHA) as amended by the Housing and Community Development Act of 1992).

2. Program Area Organization.

a. Program Purpose. The purpose of the program is to provide States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with HIV/AIDS and their families. Authorizing legislation (Section 854© of NAHA) requires that 90 percent of appropriated funds be distributed by formula to qualifying States and metropolitan areas on the basis of the number and incidence of acquired immunodeficiency syndrome reported to the CDC by March 31 of the year preceding the appropriation year. The remaining ten percent of funds are to be distributed through a national competition.

The HOPWA program supports Strategic Objective #3, "Increase access by families and individuals to affordable housing in standard condition." In establishing goals to end the epidemic of HIV and AIDS, The National AIDS Strategy (December 1996) established the goal of ensuring that all people living with HIV have access to services, from health care to housing and supportive services, that are affordable, of high quality, and responsive to their needs. The Strategy further recognized that "without stable housing a person living with HIV has diminished access to care and services and a diminished opportunity to live a productive life."

The HOPWA program is an essential component of the national efforts to address needs due to the HIV epidemic. Under the statute, HOPWA funds provide States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with HIV/AIDS and their families. HOPWA funds are made available under the Department's Consolidated Plan initiative which serves as the vehicle for a community to comprehensively identify each of its needs and to coordinate a plan of action for addressing them with Federal and other resources. For a community to successfully address its often complex and interrelated problems, including homelessness and the risk of homelessness among persons living with HIV/AIDS and their families, the community must marshal its varied community and economic development resources, health care and service programs, and use them in a coordinated and effective manner. Area HOPWA programs also relate to the community's creation of a continuum of care system to assist homeless persons.

b. Eligible Applicants. As indicated above, 90 percent of each year's appropriation is distributed by formula to those jurisdictions that meet the minimum requirements, as reported to the CDC. Metropolitan areas with a population of at least 500,000 which have at least 1,500 reported cases of AIDS and areas of a State outside of qualifying metro areas which have at least 1,500 reported cases of AIDS qualify for formula awards. The following list displays the number of jurisdictions that qualify for a formula allocation:

Year	Number of Qualifying Jurisdictions
1995	66
1996	76
1997	80
1998	87
1999 (estimate)	94-97

Competitive grants are available to States and local governments and private nonprofit entities for projects of national significance, and to States and local governments for projects in areas which do not qualify for a formula allocation. Recipients of either formula or competitive grants must use HOPWA assistance consistent with a HUD-approved Consolidated Plan, except for activities undertaken on a nationwide basis.

need a better breakdown of housing v. services

c. Eligible Activities. Grants are available for activities designed to carry out strategies to prevent homelessness and include:

- housing information and coordination services;
- short-term supported housing and services;
- rental assistance;
- single room occupancy dwellings;
- community residences and services;
- program development; and
- administrative costs.

The 1998 and 1999 appropriations are expected to provide assistance for approximately 37,525 and 41,500 units and to 67,355 and 74,875 persons, respectively. Experience suggests that the funding will be used as follows:

	1998		1999	
	Units	Persons Assisted a/	Units	Persons Assisted a/
Rental Assistance (1-3 years)..........	7,125	8,930	8,000	10,000
Short-term rent, mortgage & utility payments to prevent homelessness, and short-term facilities	23,750	29,450	27,000	33,750
Community residences, Single Room Occupancy dwellings, and other facilities with construction rehabilitation, acquisition, operating costs and services	6,650	8,075	6,500	8,125
Other Services, including supportive services, housing information and technical assistance to non-profit organizations b/........	NA	20,900	NA	23,000
Total..............................	37,525	67,355	41,500	74,875

a/ Includes family members residing with the person living with AIDS.

b/ Persons receiving supportive services only; persons receiving both housing assistance and services are included in the three housing assistance lines.

Grantee performance reports indicate that clients who receive housing assistance through this program were often at the lowest income levels, with approximately 73 percent receiving less than $500 per month in family income and 96 percent less than $1,000 per month.

STATUS OF FUNDS

1. Authorization. Authorizing legislation is not required to continue the program.

2. Balances Available

a. Unobligated Balances. The following table compares the program obligations with funds available by year.

	ACTUAL 1997	ESTIMATE 1998	ESTIMATE 1999
	(Dollars in Thousands)		
Unobligated balance, start of year	$40,921	$34,496	35,904
Appropriation	196,000	204,000	$225,000
Total Available	236,921	238,496	260,904
Obligations	-202,425	-202,592	-221,304
Unobligated balance, end of year ..	34,496	35,904	39,600

b. Obligated Balances. The status of reserved balances is as follows.

	ACTUAL 1997	ESTIMATE 1998	ESTIMATE 1999
	(Dollars in Thousands)		
Obligated balance, start of year ..	$367,839	$438,034	$483,043
Obligations incurred	202,425	202,592	221,304
Subtotal	570,264	640,626	704,347
Outlays	-132,230	-157,583	-168,527
Obligated balance, end of year	438,034	483,043	535,820

DISTRIBUTION OF FUNDS BY STATE

The distribution of the formula allocation portion (90 percent) of the 1997, 1998 and 1999 appropriations are shown below. The amounts are for local and State grantees located within these States.

HOPWA FORMULA GRANTS

	ACTUAL 1997	ESTIMATE 1998	ESTIMATE 1999
	(Dollars in Thousands)		
Alabama	$986	$1,041	$1,148
Arizona	851	864	953
Arkansas	489	506	558
California	28,969	28,219	31,124
Colorado	1,126	1,116	1,231
Connecticut	2,781	2,299	2,536
District of Columbia (metro area)	4,383	5,746	6,337
Delaware	410	433	478
Florida	22,035	20,903	23,055
Georgia	5,196	5,079	5,602
Hawaii	474	476	525
Illinois	4,272	4,385	4,836
Indiana	1,059	1,115	1,230
Kentucky	494	539	594
Louisiana	2,620	2,836	3,128
Maryland	3,596	4,415	4,869
Massachusetts	2,855	2,866	3,161
Michigan	1,977	2,026	2,235
Minnesota	636	640	706
Mississippi	641	691	762
Missouri	1,624	2,033	2,242
Nevada	554	598	660
New Jersey	11,359	11,239	12,396
New York	45,335	48,248	53,215
North Carolina	1,707	1,812	1,999
Ohio	2,048	2,479	2,734
Oklahoma	650	665	733
Oregon	758	765	844
Pennsylvania	4,525	4,734	5,221
Rhode Island	...	393	433
South Carolina	1,453	1,503	1,658
Tennessee	1,295	1,387	1,530
Texas	9,660	11,337	12,504
Virginia	985	1,479	1,631
Washington	1,751	1,768	1,950
Wisconsin	668	363	400
Puerto Rico	6,178	6,602	7,282
Total	176,400	183,600	202,500

July 29, 1997

ASSISTANT SECRETARY FOR

COMMUNITY PLANNING AND DEVELOPMENT

Appropriation/Account 86X0308

Housing Opportunities for Persons with AIDS

OUTLAY ANALYSIS

(DOLLARS IN THOUSANDS)

		1997	1998	1999	2000	2001	2002	2003
OUTLAYS FROM UNOBLIGATED								
BALANCES AS OF 9/30/96	396,000	129,000	118,000	84,000	48,000	17,000	0	0
		32.6%	29.8%	21.2%	12.1%	4.3%		
1997 APPROPRIATION	196,000							
Less: Estimated unobligated balances	34,496							
Total outlays from obligated balances	161,504	3,230	35,531	35,531	35,531	35,531	16,150	0
		2%	22%	22%	22%	22%	10%	
Est. 1997 carryover	34,496							
1998 APPROPRIATION	204,000							
Less: Estimated unobligated balances	35,904							
Total outlays from obligated balances	202,592	0	4,052	44,570	44,570	44,570	44,570	20,259
			2%	22%	22%	22%	22%	10%
Est. 1998 carryover	35,904							
1999 APPROPRIATION	225,000							
Less: Estimated unobligated balances	39,600							
Total outlays from obligated balances	221,304	0	0	4,426	48,687	48,687	48,687	48,687
				2%	22%	22%	22%	22%
Est. 1999 carryover	39,600							
2000 APPROPRIATION	225,000							
Less: Estimated unobligated balances	39,600							
Total outlays from obligated balances	225,000	0	0	0	4,500	49,500	49,500	49,500
					2%	22%	22%	22%
Est. 2000 carryover	39,600							
2001 APPROPRIATION	225,000							
Less: Estimated unobligated balances	39,600							
Total outlays from obligated balances	225,000	0	0	0	0	4,500	49,500	49,500

						2%	22%	22%
OUTLAYS FROM 2002 APPROPRIATIONS	225,000	0	0	0	0	0	4,500	49,500
							2%	22%
OUTLAYS FROM 2003 APPROPRIATIONS	225,000	0	0	0	0	0	0	4,500
								2%
OUTLAYS FROM 2004 APPROPRIATIONS	225,000	0	0	0	0	0	0	0
OUTLAYS FROM 2005 APPROPRIATIONS	225,000	0	0	0	0	0	0	0
OUTLAYS FROM 2006 APPROPRIATIONS	225,000	0	0	0	0	0	0	0
OUTLAYS FROM 2007 APPROPRIATIONS	225,000	0	0	0	0	0	0	0
OUTLAYS - TOTAL .		132,230	157,583	168,527	181,288	199,788	212,908	221,946
OTHER OFFSETS TO OUTLAYS (RECAPTURES) .		0	0	0	0	0	0	0
NET OUTLAYS .		132,230	157,583	168,527	181,288	199,788	212,908	221,946